Message Text

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R 191933Z JAN 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4862
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS

CONFIDENTIAL SECTION 01 OF 02 BONN 01132

E.O. 11652: GDS

TAGS: UK, AWACS, GW

SUBJECT: ANGLO-GERMAN SUMMIT

REFS: (A) LONDON 00804 (B) BONN 21523

- 1. THE UPCOMING FRG-UK SUMMIT MEETING WILL CONCENTRATE ON THE FAMILIAR INTERNATIONAL ECONOMIC PROBLEMS FACING THE INDUSTRIAL DEMOCRACIES. THE RESPONSIBLE FONOFF OFFICIAL, WOLFF, CONFIRMED TO US ON JAN. 18 THAT THERE WAS NO FIXED AGENDA FOR THE SUMMIT, AND THAT PRACTICALLY ALL TOPICS OF CURRENT INTERNATIONAL INTEREST WERE FAIR GAME (REF A).
- 2. WOLFF EXPRESSED THE VIEW THAT THE SUMMIT WOULD BE "SUCCESSFUL," POINTING OUT THAT THERE WERE NO BILATERAL PROBLEMS PER SE BUT RATHER COMMON PROBLEMS OF MUTUAL INTEREST. WHEN ASKED WHETHER HE THOUGHT SCHMIDT MIGHT BE WILLING TO ACCEDE TO BRITISH WISHES FOR A NEW OFFSET AGREEMENT, WOLFF REPLIED THAT IT WAS HIGHLY UNLIKELY CONFIDENTIAL

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THE CHANCELLOR WOULD AGREE TO THIS IN VIEW OF THE POSITION TAKEN VIS-A-VIS THE AMERICANS.

3. COMMENT: AS IS OBVIOUS FROM THE COMPOSITION OF THE GERMAN DELEGATION -- FINANCE AND ECONOMICS MINISTERS-THE FOCUS OF THE SUMMIT WILL BE ON INTERNATIONAL ECONOMIC PROBLEMS. IT IS NOT CLEAR WHAT, IF ANYTHING,

THE FRG MIGHT BE WILLING TO OFFER IN THESE TALKS WHICH IT HAS NOT ALREADY DONE IN MULTILATERAL FORA (IMF, BASEL AGREEMENT). WE EXPECT THE GERMANS TO LISTEN SYMPATHETICALLY TO BRITISH EXPLANATIONS OF THEIR CURRENT ECONOMIC DIFFICULTIES, BUT BELIEVE THE GERMANS WILL POINT TO THEIR RECENT POSITIVE ACTIONS TO SUPPORT THE UK FINANCIALLY RATHER THAN INDICATE THE POSSIBILITY OF ANY NEW ASSISTANCE.

THE CONCLUSION OF A NEW OFFSET AGREEMENT IS AN ISSUE ON WHICH THE BRITISH HAVE BEEN PRESSING THE GERMANS FOR OVER A YEAR NOW. NO PROGRESS HAS BEEN MADE, AND A BRITISH EMBASSY COLLEAGUE IN BONN HAS TOLD US THAT THE CHANCELLERY HAS BEEN STUDIOUSLY SILENT ON THE SUBJECT SINCE LAST FALL. GIVEN THE CHANCELLOR'S WELL-KNOWN ATTITUDE TOWARD SUCH AGREEMENTS, IT WOULD BE SURPRISING IF HE WERE TO ACCEDE TO BRITISH PRESSURE NOW, NOTWITH-STANDING U.K. THREATS TO WITHDRAW A PART OF THE BAOR FROM THE FRG.

THE CURRENT BILATERAL DEFENSE RELATIONSHIP IS
THE AREA FRAUGHT WITH MOST STRAIN, AND DEFENSE MINISTERS
LEBER AND MULLEY WILL BE HARD PRESSED TO PUT A POSITIVE
FACE ON THEIR DISCUSSIONS. THE BRITISH WERE VERY UPSET
BY LEBER'S UNKIND COMMENTS (REF B) REGARDING UK
FINANCIAL SUPPORT FOR AWACS. THE UK EMBASSY REBUTTED
LEBER'S CHARGES IN A LETTER TO THE

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-13 ACDA-07 TRSE-00 SAJ-01 EB-07 OMB-01 /087 W

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 01132

"FRANKFURTER ALLGEMEINE."

BESIDES AWACS, ANGLO-GERMAN RELATIONS REGARDING TANK HARMONIZATION AND A NEW MAIN BATTLE TANK ARE LESS THAN SATISFACTORY. THE GERMANS BELIEVE THAT THEIR OFFER TO PERMIT THE BRITISH TO PRODUCE THEIR SMOOTH BORE 120MM GUN WITHOUT COST AND WITH EXPORT RIGHTS IS EXCEEDINGLY GENEROUS. THEY ARE PERPLEXED AND ANGRY THAT THE OFFER WAS NOT IMMEDIATELY ACCEPTED. ALSO, THE GERMANS MUST BE UPSET THAT THE BRITS SUGGESTED THE TERMINATION OF THEIR FUTURE MAIN BATTLE TANK AGREEMENT. WHEN ONE ALSO CONSIDERS THAT SUBSTANTIAL CONTINGENTS OF THE BAOR ARE ON DUTY ELSEWHERE IN EUROPE RATHER THAN IN THE FRG, IT IS EVIDENT THAT THE FRG-UK SECURITY RELATIONSHIP PRESENTS FORMIDABLE PROBLEMS FOR WHICH NO GOOD SOLUTIONS SEEM READILY AT HAND.

IN SUM, WE EXPECT BOTH SIDES TO CELEBRATE THE SUMMIT AS A "SUCCESS," BUT WITH LITTLE IF ANYTHING CONFIDENTIAL

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CONCRETE TO SHOW ON KEY ECONOMIC OR SECURITY ISSUES. STOESSEL

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